

Wisconsin Department of Public Instruction  
125 S. Webster Street  
PO Box 7841  
Madison, WI 53707-7841

Agreement for School Food Authorities Participating in  
the USDA Foods Program and Direct Diversion Processing Program

SCHOOL YEAR 2018-19  
**Submission Deadline: February 21, 2018**

Instructions: Read and sign this agreement and return to the Department of Public Instruction, USDA Foods Team. Please make a copy for your files.

School Food Authority Agency Code: \_\_\_\_\_

School Food Authority Name: \_\_\_\_\_  
(School/Agency Name)

School Food Authority Street Address: \_\_\_\_\_

City: \_\_\_\_\_ Zip: \_\_\_\_\_

**I. GENERAL INFORMATION**

This Agreement is between the School Food Authority (SFA) identified above and the Wisconsin Department of Public Instruction (DPI). The SFA agrees to administer the Food Distribution Program in accordance with federal regulations including policy and instructions issued by DPI. The applicable regulations are 7 CFR 210 (National School Lunch Program); 7 CFR 250 (Food Distribution Program) and applicable procurement regulations 2 CFR 200 (the Super-Circular).

**II. AGREEMENT/POLICY STATEMENT**

**THE DEPARTMENT AGREES TO:**

1. Order bulk USDA Foods, to the extent available and allowable, and directly divert to the processor(s) selected by the SFA covered by this Agreement.
2. Prorate SFA pound commitments up or down to meet minimum truck load requirement, where feasible, based on survey results of bulk USDA Foods commitments.
3. Provide a list of processors eligible to process in Wisconsin to all SFAs.
4. Provide commitment information (number of pounds/cases) to processor(s) selected by SFA.
5. Monitor monthly performance reports for receipt of USDA Foods and sales to eligible agencies.

## THE SCHOOL FOOD AUTHORITY AGREES TO:

1. Follow all federal (Federal Regulation 2 CFR 200, the Super-Circular), state, and local procurement requirements. The most restrictive regulation(s) prevails.
2. Procure finished products from only those processors eligible to participate in Wisconsin.
3. Follow processor(s) minimum run requirements.
4. Obtain product pricing and delivery/handling fees established with SFA's distributor through a procurement process.
5. Contract with a distributor for delivery of finished end products resulting from direct diversion. SFA should ensure that selected processor(s) have a written agreement with distributor(s) that SFA is contracting with for delivery of finished products.
6. Pay processors and/or distributors for processing and delivery fees, if applicable. Processors or distributors will invoice SFAs.
7. Pay Department applicable administrative fees.
8. Verify the accuracy of fee for service and delivery/handling charges from processor and/or distributor, and retain proof of delivery.
9. Verify receipt of USDA Foods value. Invoices must be kept as proof of receipt and payment following applicable federal, state, and local regulation for record retention.
10. Administer the approved value pass through systems in accordance with USDA regulations and DPI guidance.
11. To confirm receipt of Net Off Invoice (NOI) product and USDA Foods value.
12. Monitor and reconcile bulk inventory at the processor(s) to verify the receipt of incoming bulk USDA Foods and the inventory draw down of the USDA Foods value of the product delivered to the SFA. SFA must verify the remaining allocation (entitlement) for accuracy.
13. Conduct all problem resolution at the processor and distributor level. Product complaint issues are SFA's responsibility.
14. Comply with DPI's Inventory Carryover Policy.
15. Make all bulk commitment(s) to processor(s) via the Annual USDA Foods Order. After closure of the annual USDA Foods order period, no adjustments by the SFA are allowed. Transfer of committed bulk USDA Food(s) to another approved processor is prohibited.
16. Allow DPI to reduce or eliminate all commitments to a processor(s) who does not receive sufficient statewide commitments.
17. Include the following requirements in SFA contract with distributor(s):
  - a. Distributor will maintain a program that meets reporting/audit requirements that tracks and deducts the USDA Foods value of the product delivered to the SFA and tracks the remaining allocation.
  - b. Distributor will clarify to SFA how the sales/velocity reporting process will occur.

- c. Distributor will provide the product specified in the SFA bid and will not substitute other brands or item codes.
  - d. Distributor will slot all items the SFA has requested for processing that meet distributor's volume requirements, keeping in mind that special order items must meet volume requirements and business practice guidelines.
  - e. Distributor will provide proof of adequate property insurance to cover product in their care and control.
  - f. Distributor will retain proof of delivery for all SFA shipments.
  - g. Distributor agrees to the following billing requirements:
    - 1) If invoicing SFA for the Fee for Service, the distributor will provide two line items on their invoice—one for the fee for service amount and the other for the handling/storage/distribution fees. If distributor only provides one line item on the invoice, distributor will break out the fee for service and the handling/storage/distribution fees as required by FD-025 (March 29, 2004) providing the information to the SFA.
    - 2) If invoicing SFA for NOI, distributor will itemize or note the value of the USDA Food(s) on each invoice. If distributor is unable to provide more than one line on their invoice, they will provide a summary report of pricing noting the gross price and the value of the USDA Food(s).
  - h. Distributor will provide a usage/velocity report to the processor with products and cases delivered to the SFA in a timely basis, weekly preferred.
18. If SFA (prep school) prepares meals for another SFA (joint school), SFA will include a statement in the joint agreement(s) contract(s) to indicate that the joint agreement agency(s) understands and agrees to have their USDA Foods directly diverted to a processor(s) for further processing. Joint school must complete the DPI-SFA Direct Diversion Agreement.

Based on actual bulk USDA Foods received, it may be necessary for the prep school to make an adjustment for the USDA Foods value contained in all processed products to the joint school at the end of the school year. The joint SFA is responsible for assuring adjustment is made.

19. If SFA contracts with a Food Vendor for their meal service, SFA must ensure that the USDA Foods value contained in all processed products accrues to the SFA. Based on actual bulk USDA Foods received, it may be necessary for the Food Vendor to make an adjustment to the SFA at the end of the school year. SFA is responsible for assuring adjustment is made. SFA must receive all discounts or rebates for USDA Foods purchases made on its behalf.

Food Vendor is prohibited from entering into any processing contracts utilizing USDA donated food on behalf of the SFA. The Food Vendor cannot enter into subcontracts for further processing of USDA-donated foods.

20. If SFA contracts with a Food Service Management Company (FSMC) for their meal service, SFA must ensure that the USDA Foods value contained in all processed products accrues to the SFA. The FSMC must credit the SFA for the value of all USDA Foods received for use in the school food service in the school year received, whether the USDA Foods are used in that year or not. USDA foods are considered "received" when the foods arrive at the school kitchen, SFA storage facility, or FSMC storage facility in either raw form or in processed end products. Based on actual bulk USDA Foods received, it may be necessary for the FSMC to make an adjustment to the SFA at the end of the school year. SFA is responsible for assuring adjustment is made. SFA must receive all discounts or rebates for USDA Food purchases made on its behalf.

FSMC crediting for USDA Foods in processed end products must be at the processing agreement value (250.50(d)), in accordance with the distributing agency's State Participation Agreement.

The FSMC must use all USDA Foods ground beef products, ground pork products and all processed end products without substitution in the SFA's food service.

FSMC is prohibited from entering into any processing contracts utilizing USDA Foods on behalf of the SFA. The FSMC cannot enter into subcontracts for further processing of USDA Foods.

21. In accordance with Federal civil rights and law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, include the required Nondiscrimination Statement (verbatim as listed below signature block) in all applicable contracts.
22. Party(s) shall comply with all applicable Federal, State and local laws and regulations pertaining to wages, hours and conditions of employment.
23. Be responsible for verification of required certifications and licenses.
24. Comply with 7 CFR Part 3017, Subparts A-E, Government wide Debarment and Suspension (Nonprocurement). The SFA will not enter into contracts in excess of \$25,000 with debarred suspended or voluntarily excluded entities until such time as the debarment, suspension or voluntarily exclusion is lifted. The SFA agrees to use Form AD-1048 (1/92) or an equivalent form in their bidding process for all contracts in excess of \$25,000. By signing the certification statement on the form, the bidder certifies that neither it nor any of its principals (e.g., key employees) have been proposed for debarment, debarred, or suspended by a federal agency.

Signature by the SFA testifies that the SFA will abide by the terms of this agreement and will incorporate the terms of this agreement into the SFA agreement with all applicable party(s).

<b>School Food Authority</b>
Signature of Authorized Representative
Title
Date Signed

**RETURN COMPLETED DIRECT DIVERSION PROCESSING AGREEMENT BY  
EMAIL TO:**

[antonio.ante@dpi.wi.gov](mailto:antonio.ante@dpi.wi.gov)

**OR MAIL TO:**

Department of Public Instruction  
Attn: USDA Foods  
PO Box 7841  
Madison, WI 53707-7841  
FAX: 608-267-2296